

## Message Text

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ACTION AID-59

INFO OCT-01 AF-08 EUR-12 ISO-00 IGA-02 IO-13 EB-07 COME-00

TRSE-00 OMB-01 CU-02 SS-15 SP-02 NSC-05 L-03 H-02

PRS-01 CIAE-00 INR-07 NSAE-00 /140 W

----- 108164

P 301707Z APR 76

FM AMEMBASSY LONDON

TO SECSTATE WASHDC PRIORITY 1268

INFO AMEMBASSY LUSAKA PRIORITY

AMEMBASSY MONROVIA PRIORITY

C O N F I D E N T I A L SECTION 01 OF 03 LONDON 06684

PASS SECRETARY'S PARTY MONROVIA

E.O. 11652: GDS

TAGS: EAID, RH, PFOR

SUBJECT: RHODESIA -- ECONOMIC ASSISTANCE

REF: A) STATE 099784 (NOTAL)

ADDRESSED LATER IN THE PROCESS. THE BRITISH ARE IN PARTICULAR CONCENTRATING ON THE QUESTION OF HOW TO RETAIN SUFFICIENT WHITE PUBLIC SERVANTS IN RHODESIA TO MAINTAIN NECESSARY UTILITIES AND OTHER STATE SERVICES. THE BRITISH WILL BE INTERESTED IN EXCHANGING VIEWS WITH THE UNITED STATES AS THE PLANNING PROCESS GOES ON AND BELIEVE THAT AT A CERTAIN STAGE DIRECT CONTACT BETWEEN PLANNERS IN THE TWO CAPITALS WOULD BE VALUABLE. HOWEVER, THEY ARE DETERMINED TO KEEP WHATEVER AID PROGRAM THEY MAY DEVELOP CONFIDENTIAL, AND NOT REVEAL IT UNTIL CERTAIN PRECONDITIONS HAVE BEEN MET. THE BRITISH ALREADY HAVE A FAIRLY SUBSTANTIAL EDUCATIONAL PROGRAM INVOLVING RHODESIAN BLACK STUDENTS. THIS PROGRAM INCLUDES THE FUNDING OF UNIVERSITY STUDY IN RHODESIA BY A NUMBER OF RHODESIAN BLACKS. END SUMMARY.

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2. DISCUSSIONS THIS WEEK WITH THE FOREIGN OFFICE AND

THE MINISTRY OF OVERSEAS DEVELOPMENT LEAVE US WITH THE STRONG IMPRESSION THAT WHEN CALLAHAN MADE HIS MARCH 22 SPEECH BRITISH PLANNING FOR ASSISTANCE TO RHODESIA HAD NOT REALLY BEGUN. OUR SOURCES TELL US THAT ONLY NOW HAS INTERDEPARTMENTAL MACHINERY BEEN ESTABLISHED TO CARRY ON THIS PLANNING. WHAT HAD BEEN ESTABLISHED AT THE TIME OF THE CALLAHAN SPEECH WERE CERTAIN OF THE PRECONDITIONS FOR A BRITISH AID OFFER. THESE OBVIOUSLY INCLUDE ACTUAL TRANSITION TO MAJORITY RULE. LESS EXPECTABLE IS THE BRITISH VIEW THAT ANY AID TALKS WOULD BE CONDITIONAL ON THE SUCCESSOR RHODESIAN GOVERNMENT'S ACKNOWLEDGING ITS EXTERNAL DEBT RESPONSIBILITIES - BOTH TO THE UK AND TO THIRD COUNTRIES. THE BRITISH CONCERN REGARDING DEBTS OTHER THAN TO THE UK IS IN PART FOUNDED UPON SUCH FACTORS AS ITS BEING SECONDARY GUARANTOR ON THE IBRD LOANS FOR THE KARIBA DAM. THE FCO SAYS IT IS NOT SURE JUST HOW GREAT RHODESIAN EXTERNAL DEBTS ARE, BUT FEELS THEY ARE VERY SUBSTANTIAL.

3. THERE HAS BEEN PREVIOUS BRITISH PLANNING FOR ECONOMIC AID TO RHODESIA, MOST RECENTLY AT THE TIME OF THE 1971-72 DISCUSSIONS BETWEEN UK AND RHODESIA (AT THAT TIME THE BRITISH OFFERED 50 MILLION POUNDS, TO BE PROVIDED OVER A NUMBER OF YEARS, MAINLY TO BE USED FOR AFRICAN EDUCATION). HOWEVER, PREVIOUS PLANS WERE FOUNDED ON THE UNDERSTANDING THAT THE EXISTING RHODESIAN GOVERNMENT WOULD CONTINUE IN CONTROL.

4. CURRENT BRITISH PLANNING WILL HAVE TO DEAL WITH A VERY DIFFERENT SITUATION IN WHICH A BLACK GOVERNMENT WILL TAKE OVER FROM THE EXISTING RULERS. THERE ARE MANY UNKNOWN. THE SORT OF AID THAT WILL BE REQUIRED WILL DEPEND UPON THE WAY THAT POWER IS TRANSFERRED - VIOLENTLY OR PEACEFULLY. QUITE OBVIOUSLY THE ECONOMIC SITUATION WITHIN RHODESIA WOULD CHANGE MARKEDLY WITH THE PREDICTABLE DEPARTURE OF A LARGE SHARE OF THE WHITE MANAGERIAL AND FARMING COMMUNITIES.

5. THE NEEDS THAT CAN BE PROJECTED FOR THE PERIOD  
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IMMEDIATELY FOLLOWING A TURNOVER OF POWER RANGE FROM MASSIVE FOOD AID IN THE CASE OF A REALLY DISRUPTIVE SHIFT, TO ENSURING THAT EXISTING TRANSPORTATION, UTILITIES, AND OTHER FACILITIES CONTINUE TO FUNCTION AT A LEVEL ADEQUATE TO AN ECONOMY THAT IS RELATIVELY

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P 301707Z APR 76

FM AMEMBASSY LONDON

TO SECSTATE WASHDC PRIORITY 1269

INFO AMEMBASSY LUSAKA PRIORITY

AMEMBASSY MONROVIA PRIORITY

C O N F I D E N T I A L SECTION 02 OF 03 LONDON 06684

SOPHISTICATED BY AFRICAN STANDARDS. CENTRAL TO THIS LATTER TASK WOULD BE THE RETENTION OF SUFFICIENT WHITE RHODESIAN PUBLIC SERVANTS TO PERFORM NECESSARY GOVERNMENT AND INFRASTRUCTURE FUNCTIONS. THE BRITISH GOVERNMENT IS CONCENTRATING ON THIS QUESTION OF RETENTION OF WHITE STAFF. IT HAS RECEIVED AND PASSED ON TO US THE NKOMO PROPOSAL (REF B). THIS IS FELT TO BE TOO GENEROUS IN TERMS OF PUBLIC ACCEPTIBILITY TO BOTH RHODESIANS BLACKS OR BRITISH TAX PAYERS. IT REPRESENTS ESSENTIALLY WHAT WHITE SETTLERS WOULD WANT. ON THE OTHER HAND, THE BRITISH GOVERNMENT HOLDS STILL LESS OF A BRIEF FOR A PAPER ON THE SAME SUBJECT CIRCULATED WITHIN THE COMMONWEALTH BY THE TANZANIAN GOVERNMENT. THIS PAPER PROPOSES INSTEAD THAT INDUCEMENTS BE GIVEN TO RHODESIAN WHITES TO LEAVE THE COUNTRY, WITH THE AIM OF UNDERMINING SMITH FROM WITHIN. (WE ARE POUCHING THIS TANZANIAN PAPER, WHICH MAY NOT BE AVAILABLE IN WASHINGTON.)

6. THE BRITISH ARE POSTPONING CONSIDERATION OF THE QUESTION OF LONGER TERM ECONOMIC ASSISTANCE. THIS, THEY NOTE, NOT ONLY IS A LOGICALLY SUBSEQUENT ISSUE  
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BUT ALSO THEY LACK THE NECESSARY INFORMATION ON WHICH TO DEVELOP PROJECTS. THEY HAVE THE STANDARD RHODESIAN GOVERNMENT STATISTICAL PUBLICATIONS AND ASSUME THAT THE USG HAS THEM TOO. THEY NOTE THAT THESE STATISTICS ARE NOT NECESSARILY RELIABLE. THEY ALSO HAVE STUDIES RELATING TO RHODESIAN ECONOMIC ASSISTANCE SUCH AS ONE DONE BY MAXWELL STAMP ASSOCIATES IN 1973, BUT NOTE THAT THESE STUDIES WERE MADE, LIKE THE BRITISH GOVERNMENT'S OWN PREVIOUS PLANNING EFFORTS, ON THE ASSUMPTION OF A VERY SLOW POLITICAL TRANSITION (WE ARE POUCHING A COPY OF THE STAMP STUDY). MORE RECENTLY A WHITE BUSINESS GROUP IN SALISBURY KNOWN AS THE WHITSUN FOUNDATION HAS ISSUED A STUDY WRITTEN BY A RHODESIAN WHO FORMALLY WORKED FOR THE IBRD, IAN HUME. WHILE MORE RECENT, THIS, TOO, IN THE VIEW OF THE FCO AND THE ODM, IS BASED ON IMPROBABLE POLITICAL ASSUMPTIONS. (THE FCO WILL TRY TO GET US A COPY OF THIS STUDY SHORTLY; IN THE MEANTIME IT MIGHT BE POSSIBLE TO OBTAIN ONE FROM THE DEVELOPMENT SERVICES BRANCH OF THE IBRD.)

7. BOTH THE FCO AND THE ODM FEEL IT WOULD BE USEFUL TO EXCHANGE INFORMATION WITH THE EMBASSY ON US AND UK PLANNING FOR ECONOMIC ASSISTANCE TO RHODESIA, ON A REGULAR PERIODIC BASIS. THEY ALSO FEEL THAT AFTER A CERTAIN PERIOD - SEVERAL WEEKS OR A FEW MONTHS - WORK WILL HAVE GONE FAR ENOUGH TO MAKE USEFUL A MEETING EITHER IN LONDON OR WASHINGTON BETWEEN THOSE DIRECTLY INVOLVED IN THE PLANNING. OUR ODM CONTACTS, IN PARTICULAR, EXPRESS THEIR GREAT PLEASURE THAT THE US HAS TAKEN THE STEPS IT HAS WITH REGARD TO RHODESIA, AND POTENTIAL AID TO RHODESIA AND LOOK FORWARD TO COOPERATION WITH US. HOWEVER, THE BRITISH WANT THEIR PLANNING EFFORTS KEPT CONFIDENTIAL AND NOT REVEALED UNTIL AND UNLESS THE CONDITIONS CITED IN PARA 2 ARE MET.

8. THE BRITISH ARE ALREADY SUBSTANTIALLY ENGAGED IN ASSISTING THE EDUCATION AND TRAINING OF BLACK RHODESIANS. THEIR PROGRAM HAS THREE FACETS. THEY EXPECT TO BE MAKING AWARDS TO 1100 RHODESIANS STUDYING IN THE UK IN THE 1976-77 ACADEMIC YEAR. DURING THE SAME ACADEMIC YEAR THEY WILL BE MAKING AWARDS TO

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C O N F I D E N T I A L SECTION 03 OF 03 LONDON 06684

180 RHODESIAN STUDYING IN COMMONWEALTH INSTITUTIONS OUTSIDE THE UK (FOR EXAMPLE, PAKISTAN, INDIA AND THE WEST INDIES). FINALLY, AND PERHAPS MOST SURPRISINGLY, THE BRITISH GOVERNMENT IS UNDERWRITING GRANTS TO 243 BLACK STUDENTS ATTENDING THE UNIVERSITY OF RHODESIA IN SALISBURY). THE BRITISH USE WORLD UNIVERSITY SERVICES, WHICH HAS A SALISBURY OFFICE, AS INTERMEDIARY.

9. THE BRITISH GOVERNMENT FEELS THAT RHODESIAN STUDENTS IN THE UK TEND TO STUDY THE WRONG THINGS, AND NEVER OR ALMOST NEVER RETURN TO RHODESIA. THE SIZE OF THE PROGRAM IN THE UK IS MAINLY DICTATED BY NECESSITY. MANY RHODESIAN STUDENTS MAKE THEIR WAY TO THE UK. GIVEN THE POLITICAL NON-RELATIONSHIP BETWEEN THE UK AND RHODESIA THEY CANNOT BE FORCED TO RETURN TO RHODESIA. THEY ARE GIVEN BRITISH GOVERNMENT GRANTS AS A WELFARE MEASURE. WHILE CAUTIONING US ABOUT THE POSSIBILITY OF SIMILAR THINGS HAPPENING SHOULD THE US GIVE GRANTS TO RHODESIANS FOR STUDY IN THE US, THEY VIEW THEIR OTHER TWO PROGRAMS MUCH MORE FAVORABLY. THE BRITISH WILL BE WILLING TO DISCUSS THEIR EDUCATIONAL PROGRAMS WITH AN AID OFFICIAL AT ANY TIME.

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## Message Attributes

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